

**Congress of the United States**  
**Washington, DC 20515**

July 8, 2020

The Honorable Steven Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Ave NW  
Washington, DC 20220

The Honorable Jovita Carranza  
Administrator  
U.S. Small Business Administration  
409 3rd Street SW  
Washington, DC 20416

Dear Secretary Mnuchin and Administrator Carranza:

Thank you for your commitment to helping our nation's small businesses recover from this dreadful economic and public health crisis wrought by the COVID-19 pandemic.

We write for guidance with respect to SBA's Paycheck Protection Program (PPP) and the status of small businesses that were approved for PPP loans but ultimately decided to return their disbursed loans because the terms and timing did not fit their circumstances.

Since passage of the bipartisan Paycheck Protection Program Flexibility Act, many businesses which in good faith returned their loans before are now eager to take advantage of the common-sense modifications and improvements Congress has made to PPP. And yet we have heard concerns voiced already by numerous constituents that their lenders were unable to process their second loan application because the first loan had been returned. **We urge you to immediately issue clear guidance allowing small business owners that returned their PPP loans before to reapply, now that the terms have been substantially altered by Congress.**

Prior to the enactment of the PPP Flexibility Act, the restrictive 8-week timeline for PPP borrowers set forth in the CARES Act became a major frustration for—and impediment to participation by—small businesses across America. Many other businesses voiced displeasure with the rigid requirement that at least 75% of a borrower's loans must be used towards payroll costs in order to qualify for loan forgiveness. According to lenders, thousands of companies that were approved for PPP loans simply sent the money back<sup>1</sup>, with many companies citing confusing and restrictive loan forgiveness terms.

In response to profuse and detailed feedback from small businesses, Congress passed the bipartisan PPP Flexibility Act with several provisions to relax these onerous restrictions on PPP loans. These included extending the covered loan forgiveness from 8 weeks after the date of loan disbursement to 24 weeks and lowering the requirement that businesses use at least 75% of loan funds for payroll expenses to 60%, thereby enabling businesses to spend on other expenses such as rent and utilities.

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<sup>1</sup> <https://www.nytimes.com/2020/06/10/business/Small-business-loans-ppp.html>

In light of these welcome changes to PPP, many small businesses that previously returned their disbursed loans are now eager to benefit from the improved program. Yet contrary to a statement from an SBA spokesperson that companies which have returned PPP loans would be able to reapply<sup>2</sup>, many small businesses have been flatly rejected for a loan after resubmitting their materials. Lenders and SBA employees appear to be erring on the side of caution and informing small business owners that each company may only have one loan, even if the loan was promptly repaid in full. However, the statement from the SBA spokesperson suggests that companies may reapply, so long as the previous E-Tran number is made inactive and the initial loan is cancelled. Given this confusion among SBA employees, lenders and small businesses, we urge you to immediately issue guidance clarifying that small businesses which have returned disbursed PPP loans may reapply and participate in the program. This will certainly be consistent with legislative intent as Congress made these changes to help our small business constituents participate in the program.

As of July 6, 2020, \$521.2 billion in net PPP approvals have been issued thus far<sup>3</sup> out of \$659 billion authorized under current law. Nearly \$138 billion in aid sits unused while small businesses are fighting to keep their operations afloat and trying to keep their dedicated employees on payroll. As you know, on July 4, President Trump signed into law a temporary extension of PPP until August 8, 2020. Small businesses have no time to waste. Let us swiftly provide much-needed life support to entrepreneurs and workers trying to survive the public health and economic crises engulfing our people.

Thank you for your prompt attention to this urgent matter of so much importance to our people, and we look forward to hearing from you soon. We are here to help in any way you see fit.

Very truly yours,

<u>/s/</u> _____	<u>/s/</u> _____	<u>/s/</u> _____	<u>/s/</u> _____
Jamie Raskin	Brian Fitzpatrick	David N. Cicilline	Eleanor Holmes Norton
Member of Congress	Member of Congress	Member of Congress	Member of Congress

<u>/s/</u> _____	<u>/s/</u> _____	<u>/s/</u> _____	<u>/s/</u> _____
Sheila Jackson Lee	Mark Takano	Jimmy Panetta	Angie Craig
Member of Congress	Member of Congress	Member of Congress	Member of Congress

<u>/s/</u> _____	<u>/s/</u> _____	<u>/s/</u> _____	<u>/s/</u> _____
Raúl M. Grijalva	Joseph D. Morelle	Brenda Lawrence	Jesús G. "Chuy" García
Member of Congress	Member of Congress	Member of Congress	Member of Congress

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<sup>2</sup> <https://www.axios.com/paycheck-protection-program-forgiveness-guidance-30b7038b-f33f-416a-8b0c-2506cee26f09.html>

<sup>3</sup> <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

<u>  /s/  </u> Dina Titus Member of Congress	<u>  /s/  </u> Thomas R. Suozzi Member of Congress	<u>  /s/  </u> Donald S. Beyer Jr. Member of Congress	<u>  /s/  </u> Val B. Demings Member of Congress
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<u>  /s/  </u> David Trone Member of Congress	<u>  /s/  </u> Cindy Axne Member of Congress	<u>  /s/  </u> Adriano Espaillat Member of Congress	<u>  /s/  </u> Abigail D. Spanberger Member of Congress
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<u>  /s/  </u> John B. Larson Member of Congress	<u>  /s/  </u> Peter Welch Member of Congress	<u>  /s/  </u> Ted W. Lieu Member of Congress	<u>  /s/  </u> James P. McGovern Member of Congress
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<u>  /s/  </u> Mike Doyle Member of Congress	<u>  /s/  </u> Dave Loebsack Member of Congress	<u>  /s/  </u> Jan Schakowsky Member of Congress	<u>  /s/  </u> Diana DeGette Member of Congress
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<u>  /s/  </u> Joe Neguse Member of Congress	<u>  /s/  </u> Anthony G. Brown Member of Congress	<u>  /s/  </u> Mikie Sherrill Member of Congress	<u>  /s/  </u> Katie Porter Member of Congress
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  /s/    
Marc Veasey  
Member of Congress